Using Metrics to Measure Contractor Performance:

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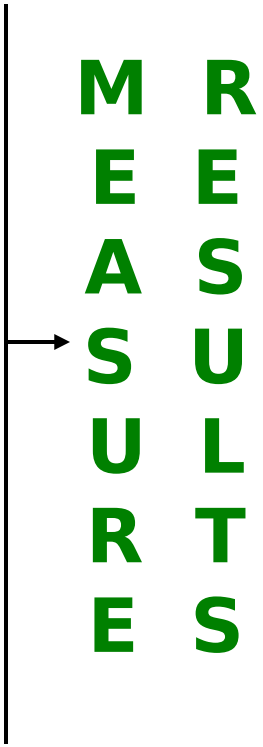
Research Questions

1. What is the regulatory foundation for Government oversight of contractor performance after contract award?
2. Is there a difference between contracting for supplies/equipment and services?
3. Is there a difference between the metrics used to evaluate contractor performance for delivering supplies/equipment and services?
4. Is there a difference in the type of metrics valued by the User, PMO, PCO and ACO/COR?

Regulatory and Philosophical Underpinnings of Performance Measurement

- Government Performance and Results Act of 1993
- National Performance Review (1993)
- Adoption of Scorecard Approach to Measuring Business Strategy (2002)
  - Financial Perspective
  - Customer Perspective
  - Internal Business Perspective
  - Learning and Growing Perspective



You Get What You Measure!*

- You Should … “State Objectives in Terms of Measurable Results.”
  - People Are Better Motivated With Measurable Objectives Than Without Them. (Schleh 1961)

- “If You are Not Measuring You are Not Managing-You Are Just Along for the Ride.” **

* Marshall W. Meyer, *Rethinking Performance Measurement*, Cambridge University Press, UK, 2002, 4.
** Luke Campbell and Brian Koster, “Software Metrics: Adding Engineering Rigor to a Currently Ephemeral Process,” briefing presented to the McGrummwell F/A-24 CDR course, 1995

Performance Measurement

- Process of Assessing Progress Toward Achieving Predetermined Goals
- Includes Information on,
  - Efficiency Resources are Transformed into Quality Outputs
  - Extent to Which Customers are Satisfied
  - Effectiveness of Government Operations in Terms of Specific Contributions to Program Objectives

James B. Whittaker, Presidents Management Agendas: Balanced Scorecard Approach, Management Concepts, Vienna, VA, 2003,p 259

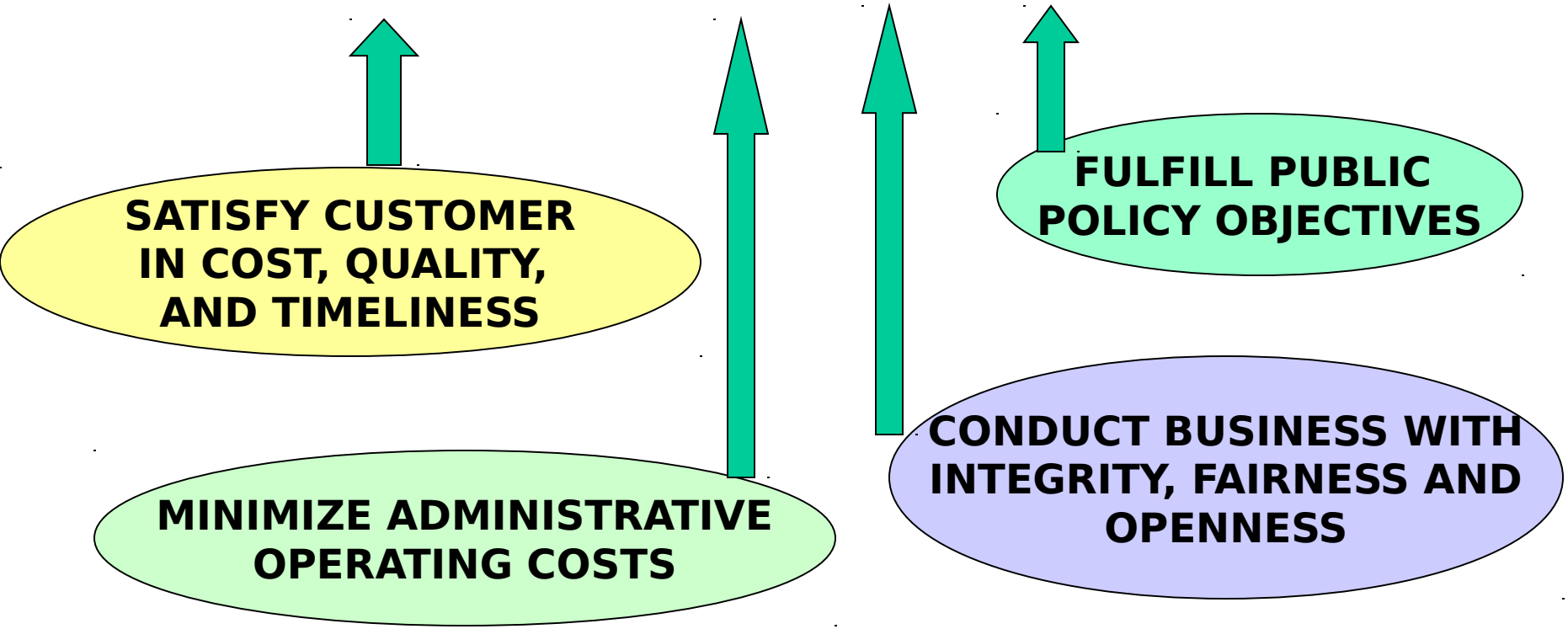
Acquisition Program Baseline
(DoD 5000 Series Regulations)

- User Performance Requirements
- Schedule Requirements
- Interoperability
- Supportability
  - Cost of Ownership
- Applicable Environmental Requirements
- Estimate of Total Program Cost

5000.2-R dated April 5, 2002, Paragraph C 1.4.

ACQUISITION STANDARDS

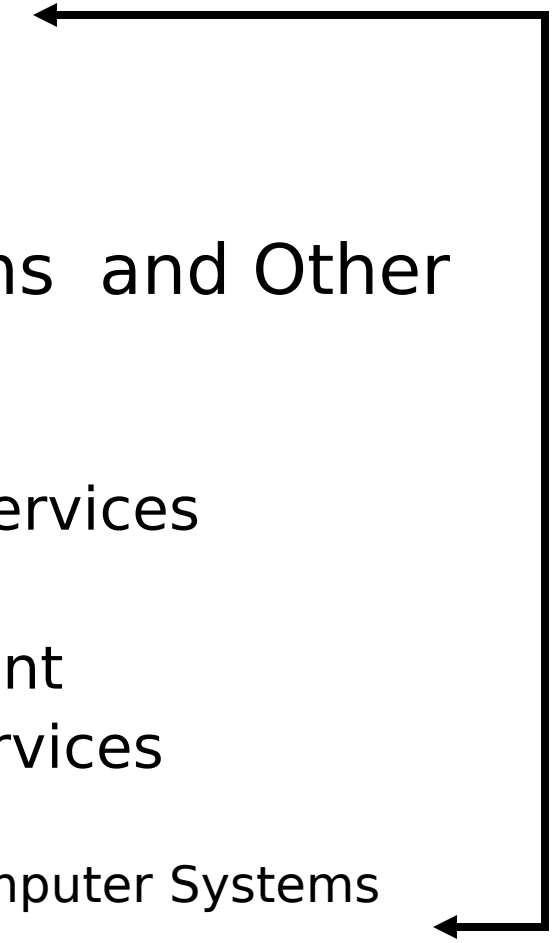
"TO DELIVER ON A TIMELY BASIS THE BEST VALUE PRODUCT OR SERVICE TO THE CUSTOMER WHILE MAINTAINING PUBLIC TRUST AND FULFILLING POLICY OBJECTIVES."


SATISFY CUSTOMER IN COST, QUALITY, AND TIMELINESS
FULFILL PUBLIC POLICY OBJECTIVES
MINIMIZE ADMINISTRATIVE OPERATING COSTS
CONDUCT BUSINESS WITH INTEGRITY, FAIRNESS AND OPENNESS

FAR 1.102

Categories of Deliverables

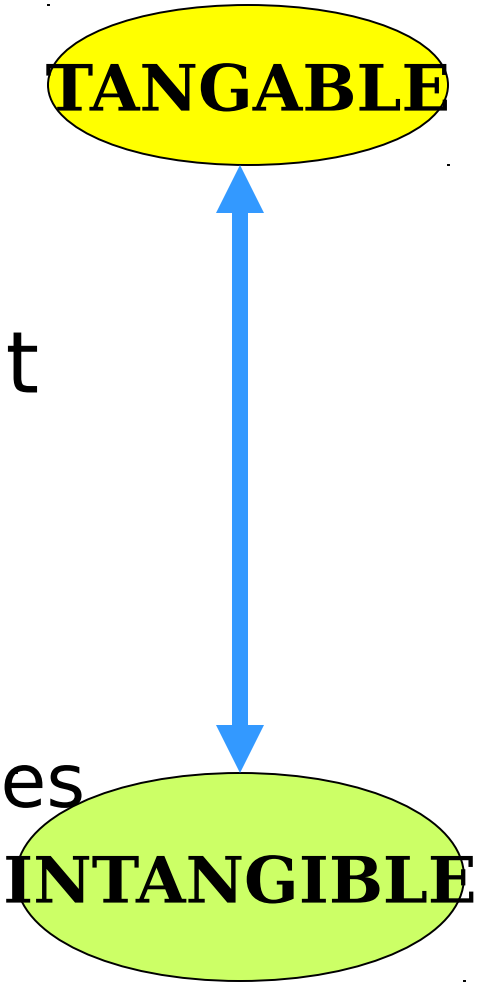
- Initial Delivery of Supplies and Equipment
- Installation Support
  - Food Service
  - Installation Maintenance
- Support Weapon Systems and Other Mission Capabilities
  - Component Repair
  - Sustaining Engineering Services
  - Advisory Services
  - Research and Development
  - Logistics/Sustainment Services
    - Depot Level Maintenance
    - Depot Level Support of Computer Systems



60%

Categories of Contractor Deliverables Spectrum of Tangibility

- Supplies
- Equipment
- Research and Development
- Services
  - Facility Maintenance
  - IT Services
  - Logistics Support and Services
  - Personnel Services



Larry R. Smeltzer and Jeffery A. Ogden, " Purchasing Professionals' Perceive Differences Between Purchasing Materials and Purchasing Services," *Journal of Supply Chain Management*, Feb. 02

Top Ten Categories

CATEGORIES/(PERCENTAGE)	RELATIVE IMPORTANCE
– Quality and Process Control (24.9)	1
– Continuous Improvement (9.2)	2
– Facility Environment (8.2)	2
– Customer Relationship (8.2)	2
– Delivery (8.1)	2
– Inventory and Warehousing (7.0)	2
– Ordering (5.8)	2
– Financial Condition (5.5)	2
– Certifications- ISO (3.6)	3
– Price (3.6)	3

No Statistical Difference

enny M. Simpson and Judy A Siguaw, “Measuring the Performance of Suppliers: An Analysis of Evaluation Processes,” *ournal of Supply Chain Management: A Global Review of Purchasing and Supply*, Institute of Supply Management, Februa 002, Tables III and IV, pages 13 - 14

How Commercial Firms Measure Services

- Customer-Provider Relationship
  - Call Center Metrics
- Customer Satisfaction Metrics
  - Overall Customer Satisfaction
- Operations
  - Total Cost of Ownership
  - Occupancy Cost
- Special Interest
  - Number of Contracts With Small Businesses

Laura H. Baldwin, Frank Camm, and Nancy Moore, *Strategic Sourcing: Measuring and Managing Performance*, RAND DB-287-AF, Santa Monica, CA.. 2000, Appendix B

Conclusions

1. GPRA Confirms Need to Design Performance Metrics that Measure Program Results
2. Customer Satisfaction Should be the Number One Standard Metric
3. There is a Difference Between Metrics Used to Evaluate Contractor Performance between Supplies/Equip. and Services?
4. There Should be Relatively Few Key Performance Indicators (KPIs)

Conclusions

5. Metrics Selected Should be able to Project Subsequent Outcomes (Results)
6. Metrics Selected Should Facilitate Continuous Improvement
7. Metrics Selected Should Cross-Functional Boundaries
8. Should Provide Capability to Compare Contractors
9. Metrics Selected Should be Used to Award/Penalize Contractors